



## AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

May 31, 2011

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

### Guidance

**5/24/11** The Food and Drug Administration (FDA) published a correction to the **proposed food labeling regulation to implement nutrition labeling requirements of standard menu items in restaurants and similar retail food establishments** under §4205 of the ACA. The corrections fix typographical errors contained in the original 4/6/11 Federal Register notice which can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2011-04-06/pdf/2011-7940.pdf>

The correction also extends the comment period to July 5, 2011.

The correction can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2011-05-24/pdf/2011-12735.pdf>

The extension can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2011-05-24/pdf/2011-12736.pdf>

**5/20/11** Health Resources and Services Administration (HRSA) published a **proposed rule regarding the exclusion of orphan drugs for certain covered entities under the 340b drug program**. The proposed rule clarifies which drugs qualify for the discount drug program, as expanded under §7101 the ACA. Comments are due July 19, 2011.

Read the proposed rule at: <http://www.gpo.gov/fdsys/pkg/FR-2011-05-20/pdf/2011-12423.pdf>

Note that prior guidance can be viewed at [www.healthcare.gov](http://www.healthcare.gov)

### News

**5/26/11** The Commonwealth Fund released an issue brief about **how the ACA is helping young adults** who struggle to find affordable health insurance. According to the study, more than 600,000 young adults have become insured since the ACA allowed them to stay on their

parents' insurance plans until age 26. However the study also found that many uninsured young adults aged 19 to 29 are forgoing care because of the steadily increasing cost of medical care, including not filling prescriptions, not seeing a doctor when sick and not receiving doctor-recommended follow-up care. The brief looks at Massachusetts' experience with expanding young adult coverage. Citing from a 2009 DHCFP study that found the average amount that Massachusetts health plans selling college plans spent on medical care is approximately 69%, the issue brief explores how student health plans are not exempt from ACA MLR requirements. Read the brief at: [Commonwealthfund](#)

**5/23/11** HHS/The Center for Consumer Information and Insurance Oversight (CCIIO) awarded approximately **\$35 million in Exchange Establishment grants** to help Indiana, Rhode Island and Washington establish new insurance exchanges. Washington was awarded \$22 million and Indiana and Rhode Island were awarded approximately \$5 and \$6 million respectively. This announcement is the first of six rounds of Exchange Establishment grant awards and the third phase of funding for state health insurance exchanges. In 2010 and 2011 HHS awarded \$1 million exchange planning grants to forty-nine States and the District of Columbia. States receiving these awards have started to plan, research and study the feasibility of state exchanges. Six states and the Massachusetts-led New England States Collaborative Insurance Exchange Systems consortium received over \$241 million in Early Innovator grants to develop and build Exchange IT systems.

Read more about the Establishment grant awards at:

<http://www.healthcare.gov/news/blog/establishmentgrants05232011.html>

Read about Planning grant awards made in 2010 and 2011 at:

<http://www.healthcare.gov/news/factsheets/grantawardslist.html>

For a fact sheet on the announcement:

<http://www.healthcare.gov/news/factsheets/exchanges05232011a.html>

Read CCIIO Director Steve Larsen's blog at:

<http://www.healthcare.gov/news/blog/establishmentgrants05232011.html>

**5/26/11** A working group of the National Association of Insurance Commissioners (NAIC) adopted a report which **analyzed health insurers' medical loss ratios (MLR)** for 2010 and found that had the MLR provision of the ACA been in effect last year, consumers would have received about \$2 billion in rebates. The ACA rules require health insurers to spend 80 to 85% of consumers' premiums on direct care for patients and efforts to improve care quality. If insurers fall short of the standards in 2011, they'll have to issue rebates for that amount in 2012.

The draft report looks at how pulling broker and agent commissions out of the MLR formula would affect consumer rebates and suggests that removing such fees in 2010 would have lowered the average rebate in the individual market. The draft report, which outlined various policy options without making recommendations, will go to a larger NAIC committee for approval.

Read the draft report at:

[http://www.naic.org/documents/committees\\_b\\_ha\\_tf\\_110519\\_report\\_phiia.pdf](http://www.naic.org/documents/committees_b_ha_tf_110519_report_phiia.pdf)

**5/18/11** The Urban Institute published a report on implementing the ACA which offers recommendations for **states on how to reach their goals to cover individuals who are eligible but are uninsured**. The report referenced Massachusetts' success with state health reform by placing those who were eligible into subsidized coverage without any need for them to take action. The report offers a five-part strategy: 1. launch a proactive national campaign to identify and enroll beneficiaries by using tax forms; 2. leverage existing information the government may already have on file; 3. partner with community-based organizations; 4. create a consumer-friendly enrollment system; and 5. encourage effective interagency organization.

Read the full report at: <http://www.urban.org/uploadedpdf/412335-Reaching-the-Eligible-Uninsured.pdf>

**5/16/11** A report commissioned by Pfizer Inc explored what constitutes "**typical**" **essential benefits**, which the ACA requires insurers to cover starting in 2014. The report found that almost all employers (99%) who offered health care coverage also offered some kind of prescription drug coverage but only 20% of employers offered full coverage of preventive prescription drugs. Copayments were found to be standard among most plans offered, with a median of \$10 for generic drugs and \$25 for brand drugs. According to the report, most employers cover hospital inpatient care, physician services and preventive care.

Read the report at: <http://publications.milliman.com/publications/health-published/pdfs/essential-health-benefits.pdf>

## Upcoming Events

### Next Quarterly Stakeholder Meeting

Patient Protection and Affordable Care Act Implementation meeting  
Tuesday June 21, 2011 from 3:00-4:00 P.M.  
1 Ashburton Place, 21<sup>st</sup> floor, Boston

Don't forget to add our website to your favorites: [www.mass.gov/nationalhealthreform](http://www.mass.gov/nationalhealthreform)